

Message Text

LIMITED OFFICIAL USE

PAGE 01 ISLAMA 02644 021244 Z

47

ACTION EB-11

INFO OCT-01 NEA-10 ADP-00 L-03 CIAE-00 INR-10 NSAE-00

RSC-01 AID-20 COME-00 AGR-20 TRSE-00 XMB-07 OMB-01

RSR-01 /085 W

----- 082706

R 021137 Z APR 73

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 8562

INFO AMCONSUL KARACHI

AMCONSUL LAHORE

LIMITED OFFICIAL USE ISLAMABAD 2644

E. O. 11652: N/ A

TAGS: EIND, PK

SUBJ: GOP FERTILIZER PRICE POLICY

1. ON MARCH 29 MR. JOHN EAGAN, GENERAL MANAGER DAWOOD-HERCULES FERTILIZER COMPANY, CALLED ON ECON COUN, INFORMING HIM THAT AN AGREEMENT IN PRINCIPLE HAD BEEN REACHED BY HERCULES WITH DAWOOD PARTNERS. DAWOODS HAD SIGNED AND HERCULES' SIGNATURE EXPECTED SOON.

2. HE ADDED THAT AHMED DAWOOD AND OTHERS HAD RECENTLY SPENT CONSIDERABLE TIME ABROAD SEEKING FOREIGN EXCHANGE FOR THEIR NEW FERTILIZER PLANT PROJECT (WHICH DOES NOT RPT NOT INVOLVE HERCULES PARTICIPATION).

3. EAGAN WAS INFORMED THAT WE UNDERSTOOD GOP PLANNING TO ANNOUNCE SOON CHANGE IN FERTILIZER PRICES FROM RS. 700 TO RS. 840 PER BAG OF 50 KILOS; HE WAS CAUTIONED, HOWEVER, THAT WE DID NOT KNOW HOW MUCH OF THIS DIFFERENCE WOULD BENEFIT FERTILIZER COMPANIES. EAGAN MADE CERTAIN COMPUTATIONS THAT SUGGESTED THAT IF THIS PRICE DIFFERENTIAL WERE PASSED ENTIRELY TO FERTILIZER COMPANIES, HERCULES WOULD STAND A GOOD CHANCE OF ACHIEVING A 16 PERCENT ANNUAL RETURN AFTER TAXES ON ITS \$12

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ISLAMA 02644 021244 Z

MILLION INVESTMENT, WHICH WOULD BE ABOUT WHAT HERCULES WOULD LIKE TO ACHIEVE.

4. EAGAN HOPED THIS MIGHT BE POSSIBLE, INASMUCH AS GOP WOULD STAND TO GAIN IN AT LEAST THREE WAYS IN SUCH PRICE ADJUSTMENTS: (A) GOP SUBSITY COULD BE REDUCED; (B) INCENTIVES FOR SHUGGLING WOULD BE REDUCED; AND (C) THE GOP' S OBLIGATIONS TO ESSO FERTILIZER WOULD BE REDUCED.

5. HOWEVER, APRIL 2 EAGAN CALLED ECONCOUN AND INFORMED HIM HE HAD BEEN TOLD BY GOP MINISTRY OF INDUSTRIES SOURCES THAT THE ENTIRE PRICE INCREASE WOULD BE SIPHONED OFF BY EITHER AN EXCISE DUTY OR " DEVELOPMENT SURCHARGE".

6. BOTH EMBASSY AND EAGAN ARE FOLLOWING THIS MATTER CLOSELY TO ASCERTAIN ACTUAL GOP INTENTIONS.
DECONTROL FOLLOWING 4/2/74
SOBER

LIMITED OFFICIAL USE

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 02 APR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973ISLAMA02644
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: ISLAMABAD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730430/aaaahjed.tel
Line Count: 88
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 04 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04-Jan-2002 by cunninfx>; APPROVED <18-Jan-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 971114
Subject: GOP FERTILIZER PRICE POLICY
TAGS: EIND, PK
To: EB
KARACHI
LAHORE
SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005